

November 7, 2008

Indiana Economic Development Corporation

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

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Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") on behalf of the State Board of Cosmetology Examiners ("Board") and contained in LSA Document 08-606, which amends 820 IAC 5-1-20 concerning license application requirements for tanning facilities and adds 820 IAC 7-1-1 and 820 IAC 7-1-3 to establish fees for application, issuance and renewal of cosmetology school licenses, beauty culture instructor licenses, cosmetology salon licenses, electrology salon licenses, esthetic salon licenses, manicurist salon licenses, cosmetologist licenses, electrologist licenses, esthetician licenses, manicurist licenses, and tanning facility licenses and establish fees for examinations for licensure to practice as a beauty culture instructor, cosmetologist, electrologist, esthetician, and manicurist.

The Board estimates that the following entities will be affected by the rule:

• Cosmetology Schools	90
• Beauty Salons	7,452
• Nail Salons	780
• Other Personal Services (tanning salons)	1,016

Although the board does not have the information to definitively determine how many of these entities are small businesses, based on the nature of the industry being affected the Board anticipates that most of the affected entities will be small businesses.

The rule sets forth the following fee schedule for issuance of an initial license and the renewal of a license every four years:

• Cosmetologist: \$40	• Cosmetology salon: \$40
• Electrologist: \$40	• Electrology salon: \$40
• Esthetician: \$40	• Esthetic salon: \$40
• Manicurist: \$40	• Manicurist salon: \$40
• Beauty Culture Instructor: \$40	• Tanning facility: \$200
• Cosmetology school: \$400	

Based on historical data regarding the number of applications for initial licenses and license renewals, and assuming all affected entities are small businesses, the total annual economic impact to small business associated with initial license issuance fees is \$82,260

and the total annual economic impact associated with license renewals is \$156,390. The rule also reduces the fee for licensure by reciprocity from \$100 to \$40. This provision may lead to potential cost savings for small businesses. The impact statement provided by IPLA indicates that the rule will not result in any new reporting requirements for small businesses.

The IEDC does not object to the economic impact to small businesses associated with the proposed rule changes. The fees appear reasonable given that proper regulation of the affected entities supports the goal of consumer protection. Importantly, the IPLA is required by IC 25-1-8-2 to establish fees that cover its direct and indirect costs of operation. The fees set forth in the rule are deemed necessary to satisfy this requirement.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

A handwritten signature in black ink, appearing to read "Ryan", followed by a long horizontal line extending to the right.

Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation